

SECTION 31—COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER GENERAL REQUIREMENTS

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Summary of Changes

Requires information on the cost of managing competitive sourcing initiatives (section 31.9).

Provides additional guidance on human capital management (section 31.11).

31.1 Advance appropriations.

Do not request advance appropriations if the only purpose is to shift budget authority for a program that would normally be provided in the budget year. For example, if you would normally request budget authority in the budget year to cover a cohort of obligations for a grant program, even though some of the obligations will not be incurred until the following fiscal year, you may not request an advance appropriation of budget authority to cover the obligations expected to be incurred in the following fiscal year.

31.2 Environmental management.

The OMB/CEQ joint letter of April 1, 2002 applauds those agencies developing and implementing effective environmental management systems (EMS). Federal agencies should develop and implement environmental management systems in order to integrate environmental accountability into agency day-to-day decision-making and long-term planning processes, across all agency missions, activities, and functions. These efforts must be funded within guidance totals. They should include, but not be limited to, the following components: initial self-assessments, development of performance measures, policy, and establishment of management systems.

31.3 Equal opportunity.

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex, disability, or age. These civil rights activities include the following:

- Implementation of statutes or regulations requiring fair housing.
- Nondiscrimination in federally assisted or conducted programs.
- Equal credit opportunity.
- Full voting rights.
- Civil and Constitutional rights.
- Equal employment opportunity (including nondiscrimination by Federal agencies).
- Efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.4 Full funding.

Requests for acquisition of capital assets must propose full funding to cover the full costs of the project or a useful segment of the project, consistent with the policy stated in section [300.6\(b\)](#). Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section [33.1](#) and [Appendix B](#). For guidance on budget submissions for capital asset acquisitions, see Part 7 of this Circular. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the *Capital Programming Guide*, which is published separately and available on the OMB website with this Circular at:

<http://www.whitehouse.gov/omb/circulars/a11/cpgtoc.html>

31.5 Government perquisites.

Your estimates should reflect Administration policy to limit the use of government vehicles, government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

31.6 MAX electronic network.

For the purpose of cost distribution specified in [OMB Circular No. A-130](#), OMB is the user of MAX. Accordingly, you are not required to pay for use of the MAX electronic network required by this Circular.

31.7 Multi-year appropriations.

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major ADP and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.8 Management improvement initiatives and policies.

Your estimates should reflect the Administration's commitment to improve program performance, e-Government, management integrity and controls, program delivery, and financial management.

- *Capital planning and investment control.* Your estimates should reflect the Administration's commitment to IT investments that directly support agency strategic missions, employ an integrated planning, budgeting, procurement process, are citizen-centered, and are consistent with the Clinger Cohen Act of 1996, the Paperwork Reduction Act, the Federal Acquisition Streamlining Act, and OMB Circular A-130, Management of Federal Information Resources (see also section [53](#) and [section 300](#), where applicable).
- *Electronic transactions and electronic recordkeeping.* Your estimates should prioritize and manage e-Government projects effectively through your agency's capital planning process and enterprise architecture. Initiatives should create a citizen-centered electronic presence (maximizing use of the Internet) and advance an e-Government strategy that includes specific outcomes to be achieved. Your estimates should reflect the requirements of the Government Paperwork Elimination Act (GPEA) and OMB's guidance. Under GPEA, all transactions should have an electronic option and associated electronic recordkeeping by October 2003 if practicable. The National Archives and Records Administration has issued records management guidance for agencies implementing electronic signature technologies. The guidance can be found at the following Internet address:

http://www.archives.gov/records_management/

- *Security.* Your estimates should reflect a comprehensive understanding of OMB security policies and NIST guidance, including compliance with the Government Information Security Reform Act, and OMB Memorandum No. M-01-08, "Guidance on Implementing the Government Information Security Reform Act," by:
 - Demonstrating that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;
 - Demonstrating how the agency ensures that risks are understood and continually assessed;
 - Demonstrating how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;
 - Identifying additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control;

- ▶ Demonstrating how the agency ensures the effective use of security controls and authentication tools to protect privacy for those systems that promote or permit public access; and
- ▶ Demonstrating how the agency ensures that the handling of personal information is consistent with relevant government-wide and agency policies.
- *Privacy.* Your estimates should reflect the Administration's commitment to privacy and should include a description of your privacy practices and steps taken to ensure compliance with all OMB privacy policies.
- *Financial systems.* Your estimates should reflect plans to achieve a single, agency-wide, integrated financial management system and CFO plan initiatives. The scope of agency financial systems activities will include the following:
 - ▶ Core financial systems, as described in the JFMIP Core Financial System Requirements Document.
 - ▶ Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

[Sections 52](#) and [53](#) describe the materials that must be submitted for agency financial management systems.

31.9 Performance of commercial activities.

Your estimates should reflect (1) the probable results generated by competitions under [OMB Circular No. A-76](#), and (2) the estimated A-76 personnel and other costs to provide resources to support the competitive sourcing initiative of the President's Management Agenda (PMA) within the agency. Provide a separate breakout of savings results and A-76 review personnel and other study costs through FY 2008 in each bureau's budget submission materials that are consistent with the agency's competition plan.

31.10 User charges.

Under OMB Circular No. A-25, you must review user charges for your programs at least once every two years, and you must report the result of the review and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990 (see section 8(e) of OMB Circular No. A-25). Develop your estimates in accordance with the full cost recovery policy for user charges set forth in that Circular. User charges normally should recover the full cost of providing goods or services to the public. The exception to this rule is when the Government provides goods or services under business-type conditions, including amounts collected for the use or sale of natural resources; in such cases, the user charge should be set at the market price.

There has been a growth in user charges, and some have been classified by law as offsetting collections or offsetting receipts when they more appropriately should have been classified as governmental receipts. Only user charges that arise from business-type transactions should be classified as offsetting collections or offsetting receipts. User charges are discussed further in [section 20.7\(e\)](#).

If you propose new user charges that require authorizing legislation, provide a clear explanation of the new user charge and the legislation that will be required to authorize it. Include a detailed discussion of plans for achieving enactment of the legislation and the administrative actions planned for collecting the

charges if the legislation is enacted. Assess the proposal's chances of enactment, taking into account the likely reaction to the proposal by Congress and the users. Describe the basis for your assessment in detail. If you believe that the proposal will lack support, explain why you believe the President should propose it in the budget anyway.

31.11 Workforce planning and restructuring

Your budget submission and performance plan must identify the specific human capital management and development objectives, key activities, and associated resources that are needed to support agency accomplishment of programmatic goals.

Furthermore, your budget submission and performance plan should describe the specific activities and/or actions planned to meet the standards for success under the Human Capital initiative of the President's Management Agenda, the associated resources, the expected outcomes, and how performance will be measured. For example, you should:

Identify the specific organizational changes you are proposing to:

- ▶ Reduce the number of managers, reduce organizational layers, and reduce the time it takes to make decisions.
- ▶ Increase the span of control, and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions and retrain and/or redeploy employees as part of restructuring efforts to make the organization more citizen centered.

Identify the training, development, leadership development, and staffing actions you propose to take to:

- ▶ Ensure continuity of leadership.
- ▶ Ensure that leaders and managers effectively manage people.
- ▶ Sustain a learning environment that drives continuous improvement in performance.
- ▶ Prepare for and respond to changes driven by e-Government and competitive sourcing.

Identify the competency and skill needs (or gaps) you have identified as part of your workforce planning effort and how you plan to address those needs through recruitment, development, and related strategies.

